

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Sherman township	County Huron
Fiscal Year End 03/31/2006	Opinion Date 05/31/2006	Date Audit Report Submitted to State 08/18/2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

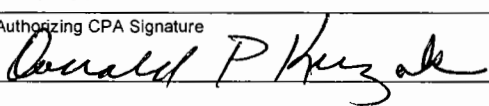
YES ☒ NO ☐

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☐ ☒ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No comments made.	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Hyzer, Hill, Kuzak & Co., P. C.		Telephone Number 989-269-9541	
Street Address 1242 Sand Beach Road		City Bad Axe	State MI
Zip 48413			
Authorizing CPA Signature 	Printed Name Donald P. Kuzak	License Number 1101007059	

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
GENERAL PURPOSE FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
YEAR ENDED MARCH 31, 2006
with
REPORT OF INDEPENDENT AUDITORS

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HYZER, HILL, KUZAK & CO., P.C.

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INDEPENDENT AUDITOR'S REPORT

Members of the Township Board

Township of Sherman

Huron County, Michigan

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Township of Sherman as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Township of Sherman's management. Our responsibility is to express opinions on these financial statements based on our audit.

We have conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Management has not presented government-wide financial statements to display the financial position and changes in the financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township of Sherman's governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matters discussed in the preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Sherman as of March 31, 2006, or changes in its financial position for the year then ended.

The accompanying financial statements also do not include a Management's Discussion and Analysis, which would present an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Hayes, Hill, Hugate & Co P.C.

May 31, 2006

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2006

<u>ASSETS</u>	General Fund	Road Millage Fund	Nonmajor Governmental Funds	Total
Cash	\$ 160,279	\$ 32,147	\$ 1,011	\$ 193,437
Certificates of deposit	322,865	253,851	27,502	604,218
Receivables:				
Delinquent taxes	13,041	-	-	13,041
Due from other governments	13,590	-	-	13,590
Due from other funds	2,732	8,834	1,098	12,664
Total Assets	<u>\$ 512,507</u>	<u>\$ 294,832</u>	<u>\$ 29,611</u>	<u>\$ 836,950</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Due to other funds	\$ 9,932	\$ -	\$ -	\$ 9,932
Fund balance:				
Unreserved	<u>502,575</u>	<u>294,832</u>	<u>29,611</u>	<u>827,018</u>
Total liabilities and fund balance	<u>\$ 512,507</u>	<u>\$ 294,832</u>	<u>\$ 29,611</u>	<u>\$ 836,950</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2006

	General Fund	Road Millage Fund	Nonmajor Governmental Funds	Total
Revenues:				
Taxes	\$ 72,812	\$ 201,665	\$ 25,064	\$ 299,541
Licenses and permits	-	-	1,004	1,004
State grants	90,028	-	-	90,028
Charges for services	26,770	-	-	26,770
Interest	11,653	5,402	1,212	18,267
Other revenues	3,667	-	-	3,667
Total revenues	204,930	207,067	27,280	439,277
Expenditures:				
General government	106,267	-	-	106,267
Public safety	162,473	-	10,175	172,648
Public works	8,519	-	-	8,519
Road maintenance	-	136,968	-	136,968
Total expenditures	277,259	136,968	10,175	424,402
Excess of revenues over (under) expenditures	(72,329)	70,099	17,105	14,875
Other financing sources (uses):				
Operating transfers in (out)	24,000	-	(24,000)	-
Excess of revenues over (under) expenditures and other financing sources (uses)	(48,329)	70,099	(6,895)	14,875
Fund balance, beginning of year	550,904	224,733	36,506	812,143
Fund balance, end of year	\$ 502,575	\$ 294,832	\$ 29,611	\$ 827,018

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
MARCH 31, 2006

	Tax Collection Fund
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 2,732</u>
<u>LIABILITIES</u>	
Due to other funds	<u>\$ 2,732</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Sherman, Huron County, Michigan have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies.

A. Description of Township Operations and Fund Types

The Township of Sherman operates under an elected Township Board (five members) and provides services to its residents in many areas, including road maintenance and fire protection.

The Township's reporting entity applies all relevant GASB pronouncements, except as noted in Note 2. All activities over which the Township exercises oversight responsibility have been included in the reporting entity. Oversight responsibility is determined by factors such as financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters of the entity.

B. Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Township are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Township's major governmental funds:

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. This fund includes the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state and federal distributions, and other intergovernmental revenues.

Road Millage Fund – This fund is used to account for property taxes restricted for road repair and maintenance.

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006
(CONTINUED)

Fiduciary Fund

Fiduciary fund reporting focuses on net assets and changes in net assets. This fund is used to account for assets held in trust or as an agent for others, and consists of the Current Tax Collection Fund.

C. Basis of Presentation

The Township's basic financial statements consist of fund financial statements which provide a detailed level of financial information.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at a detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenue, expenditures and changes in fund balances reflects the sources (i.e., revenues and other financial sources) and uses (i.e., expenditures and other financial uses) of current financial resources.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Nonexchange Transactions

On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Township, available means expected to be received within 60 days after year-end.

Nonexchange transactions, in which the Township receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements including timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Township must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Township on a

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006
(CONTINUED)

reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: charges for services, licenses and permits, and interest.

Expenditures

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

F. Cash and Cash Equivalents

For presentation on the financial statements, investments in cash management pools and investments with an original maturity of three months or less at the time they are purchased by the Township are considered to be cash equivalents.

G. Budgets and Budgetary Accounting

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

The Township Clerk prepares and submits the annual budget to the Township Board in March of each year. The Board holds a budget hearing at which time the budget is adopted by resolution. The Board adopts the budget to the line item level and amends the budget late in the fiscal year. The budget is prepared using the cash basis method of accounting whereby revenues are recorded when received and expenditures are recorded when paid.

The approved budget of the Township for the budgetary fund was adopted to the line item level.

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006
(CONTINUED)

II. CHANGE IN ACCOUNTING PRINCIPLES

For 2005, the Township has implemented, with exceptions as noted below, the following:

GASB Statement Number 33 "Accounting and Financial Reporting for Non-Exchange Transactions," as amended by Statement Number 36 "Recipient Reporting for Certain Share Non-Exchange Revenue," which establishes standards for recording non-exchange transactions on the modified accrual and accrual basis of accounting

GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments"

GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments; Omnibus"

GASB No. 38, "Certain Financial Statement Note Disclosures"

GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements"

GASB Statement No. 34 creates new basic financial statements for reporting on the Township's financial activities. The financial statements include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type. The government-wide financial statements split the programs between governmental activities and business-type activities.

The Township did not adopt GASB 34 and GASB 37 in its entirety, as permitted by the Local Audit and Finance Division of the Treasury Department of the State of Michigan, because the Township believes that the cost of implementing the statements may exceed the benefit of the additional information. The Township also believes that the omissions of the Management Discussion and Analysis, government-wide financial statements and certain permitted note disclosures were not material to the statements as a whole due to the disclosure of the fixed assets and debts in separate notes in this report. These amounts are not included as account groups in the fund statement, as in the past, per the requirements of GASB 34.

GASB No. 37 makes certain clarifications regarding escheat property and modifies several provisions of GASB Statement No. 34. GASB Statement No. 38 modifies, establishes, and rescinds certain financial statement disclosure requirements.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006
(CONTINUED)

III. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligations repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Sherman Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 20 of 1943, as amended, has authorized investment in the instruments described in the preceding paragraph. The Township's deposits and investment policy are in accordance with statutory authority.

At year end, the Township's deposits were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 193,437	\$ 2,732	\$ 196,169
Non-cash equivalents	<u>604,218</u>	<u>-</u>	<u>604,218</u>
Total	<u><u>\$ 797,655</u></u>	<u><u>\$ 2,732</u></u>	<u><u>\$ 800,387</u></u>

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year end, all of the Township's bank balance of \$825,928 was insured or collateralized; therefore, no balance was exposed to custodial credit risk.

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006
(CONTINUED)

IV. RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

The amounts of interfund receivables and payables as of March 31, 2006 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Governmental Funds:		
General Fund	\$ 2,732	\$ 9,932
Road Millage Fund	8,834	-
Nonmajor Governmental Funds:		
Fire Vehicle/Equipment Fund	1,098	-
Agency Fund	<u>-</u>	<u>2,732</u>
Total	<u>\$12,664</u>	<u>\$12,664</u>

V. PROPERTY TAXES

Property taxes include amounts levied against all real property and tangible personal property located in the Township. Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the County tax rolls. For the current year, the taxable value for properties located within the Township was \$50,816,582. The tax rates were 1.0958 mills for operations, 3.9423 mills for roads and 0.4900 for fire vehicle and equipment fund.

VI. CAPITAL ASSETS

A summary of capital assets at March 31, 2006, is as follows:

	<u>Balance March 31, 2005</u>	<u>Increase (Decrease)</u>	<u>Balance March 31, 2006</u>
Land	\$ 5,500	\$ -	\$ 5,500
Building	36,576	-	36,576
Fire trucks and equipment	303,782	130,938	434,720
Equipment and furniture	<u>12,389</u>	<u>300</u>	<u>12,689</u>
	<u>\$358,247</u>	<u>\$131,238</u>	<u>\$489,485</u>

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006
(CONTINUED)

VII. PENSION

The Township of Sherman participates in an employee group pension plan through Manufacturers Life Insurance Company which covers all elected Township board members and full-time transfer station employees. The Township contributes amounts based on employee's compensation. Contributions must be a minimum of 7.50% of annual compensation. Employees must reimburse the Township for 25% of the contribution and may make additional after tax voluntary contributions. Retirement from the plan may not be earlier than age 55. Normal retirement is age 65, or if later, completion of 10 years of participation in the plan. The original effective date of the plan was March 1, 1970. The expense for pension cost, including administration fees and employee contributions, for the year ended March 31, 2006, was \$5,168. Covered compensation for eligible employees was \$41,397.

VIII. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors and omissions. The Township purchases commercial insurance coverage for protection against loss.

IX. COMMITMENTS

The Township is renovating its Township Hall and building a fire station. The projects are expected to begin in the summer of 2006 with completion expected later in the year. Construction costs will be funded from available cash reserves and the total cost is estimated at \$275,000. As of March 31, 2006, the Township incurred no costs related to the project; however, there was a commitment to purchase land for \$12,000.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes:				
Tax levy	\$ 56,200	\$ 56,200	\$ 56,058	\$ (142)
Collection fees	<u>14,500</u>	<u>16,754</u>	<u>16,754</u>	<u>-</u>
Total taxes	70,700	72,954	72,812	(142)
State Grants:				
Revenue sharing	70,000	89,288	90,028	740
Charges for Services:				
Fire runs	8,500	12,200	12,200	-
Landfill fees	11,000	12,000	11,760	(240)
Miscellaneous	<u>2,800</u>	<u>2,810</u>	<u>2,810</u>	<u>-</u>
Total charges for services	22,300	27,010	26,770	(240)
Interest	7,500	12,100	11,653	(447)
Other revenues:				
Employee pension contribution	1,000	1,000	935	(65)
Refunds	300	760	751	(9)
Other	220	381	381	-
Sale of Vehicle	<u>-</u>	<u>1,600</u>	<u>1,600</u>	<u>-</u>
Total other revenues	<u>1,520</u>	<u>3,741</u>	<u>3,667</u>	<u>(74)</u>
Total revenues	172,020	205,093	204,930	(163)
Other financing sources:				
Operating transfers in	<u>24,937</u>	<u>24,974</u>	<u>24,000</u>	<u>(974)</u>
Total revenues and other financing sources	\$ 196,957	\$ 230,067	\$ 228,930	\$ (1,137)

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED MARCH 31, 2006

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:				
General government:				
Street lighting	\$ 4,500	\$ 4,500	\$ 4,462	\$ 38
Printing and publishing	2,500	2,500	1,112	1,388
Drain at large	6,500	6,500	5,417	1,083
Cemetery upkeep	800	800	610	190
Election	1,600	1,600	105	1,495
Legal and professional	3,000	3,000	819	2,181
Utilities	3,300	3,300	3,081	219
Tax bill preparation	8,300	8,300	5,679	2,621
Township hall maintenance	3,000	3,000	553	2,447
Education and training	2,500	2,500	1,093	1,407
Supplies	3,625	3,625	2,524	1,101
Dues	1,200	1,200	932	268
Travel	1,410	1,510	779	731
Insurance	18,000	18,500	17,453	1,047
Pension	5,200	5,200	5,168	32
Payroll taxes	2,500	2,500	1,917	583
Supervisor's salary and meetings	7,600	7,600	7,455	145
Treasurer's salary	10,650	10,650	10,375	275
Deputy treasurer's salary	300	300	300	-
Clerk's salary	8,600	8,600	8,175	425
Deputy clerk's salary	300	300	300	-
Board of review's salary	900	900	758	142
Trustees' salaries	3,100	3,100	2,785	315
Assessor's salary	11,000	11,000	11,000	-
Transfer station's salary	3,500	3,500	3,100	400
Transfer station upkeep	12,500	12,500	10,315	2,185
Contingency	20,000	45,477	-	45,477
Total general government	146,385	172,462	106,267	66,195
Public safety:				
Fire protection - operating	39,050	44,004	35,678	8,326
Fire protection - capital	130,388	132,468	123,300	9,168
Ambulance	3,500	3,500	3,495	5
Total public safety	172,938	179,972	162,473	17,499
Public works:				
Road repairs	12,800	12,800	8,519	4,281
Total expenditures	\$ 332,123	\$ 365,234	\$ 277,259	\$ 87,975

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess of revenues under expenditures and other financing sources	\$ (135,166)	\$ (135,167)	\$ (48,329)	\$ 86,838
Fund balance, beginning of year	<u>550,904</u>	<u>550,904</u>	<u>550,904</u>	<u>-</u>
Fund balance, end of year	<u>\$ 415,738</u>	<u>\$ 415,737</u>	<u>\$ 502,575</u>	<u>\$ 86,838</u>

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL
ROAD MILLAGE FUND
YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Tax levy	\$ 202,400	\$ 202,400	\$ 201,665	\$ (735)
Interest	<u>800</u>	<u>5,402</u>	<u>5,402</u>	<u>-</u>
Total revenues	203,200	207,802	207,067	(735)
Expenditures:				
Road maintenance	<u>200,000</u>	<u>200,000</u>	<u>136,968</u>	<u>63,032</u>
Excess of revenues over expenditures	3,200	7,802	70,099	62,297
Fund balance, beginning of year	<u>224,733</u>	<u>224,733</u>	<u>224,733</u>	<u>-</u>
Fund balance, end of year	<u>\$ 227,933</u>	<u>\$ 232,535</u>	<u>\$ 294,832</u>	<u>\$ 62,297</u>

SUPPLEMENTARY INFORMATION

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2006

	<u>Liquor Fund</u>	<u>Fire Truck Replacement Fund</u>	<u>Fire Vehicle/ Equipment Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	\$ -	\$ -	\$ 1,011	\$ 1,011
Certificates of deposit	-	27,502	-	27,502
Due from other funds	-	-	1,098	1,098
	<u>-</u>	<u>-</u>	<u>1,098</u>	<u>1,098</u>
Total assets	<u>\$ -</u>	<u>\$ 27,502</u>	<u>\$ 2,109</u>	<u>\$ 29,611</u>
<u>LIABILITIES & FUND EQUITY</u>				
Fund balances:				
Unreserved	<u>\$ -</u>	<u>\$ 27,502</u>	<u>\$ 2,109</u>	<u>\$ 29,611</u>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ 27,502</u>	<u>\$ 2,109</u>	<u>\$ 29,611</u>

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES
YEAR ENDED MARCH 31, 2006

	<u>Liquor Fund</u>	<u>Fire Truck Replacement Fund</u>	<u>Fire Vehicle/ Equipment Fund</u>	<u>Total</u>
Revenues:				
Taxes	\$ -	\$ -	\$ 25,064	\$ 25,064
Licenses and permits	1,004	-	-	1,004
Interest	<u>-</u>	<u>1,146</u>	<u>66</u>	<u>1,212</u>
Total revenues	1,004	1,146	25,130	27,280
Expenditures:				
Public safety	<u>1,004</u>	<u>-</u>	<u>9,171</u>	<u>10,175</u>
Excess of revenues over (under) expenditures	-	1,146	15,959	17,105
Other financing sources uses:				
Operating transfers out	<u>-</u>	<u>-</u>	<u>(24,000)</u>	<u>(24,000)</u>
Excess of revenues or expenditures and other financing uses	-	1,146	(8,041)	(6,895)
Fund balance, beginning of year	<u>-</u>	<u>26,356</u>	<u>10,150</u>	<u>36,506</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 27,502</u></u>	<u><u>\$ 2,109</u></u>	<u><u>\$ 29,611</u></u>

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
LIQUOR FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2006

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Licenses and permits	\$ 1,004	\$ 1,004	\$ -
Expenditures:			
Public safety	<u>1,004</u>	<u>1,004</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
FIRE TRUCK REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2006

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Interest	\$ 1,146	\$ 1,146	\$ -
Fund balance, beginning of year	<u>26,356</u>	<u>26,356</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 27,502</u></u>	<u><u>\$ 27,502</u></u>	<u><u>\$ -</u></u>

TOWNSHIP OF SHERMAN
HURON COUNTY, MICHIGAN
FIRE VEHICLE/EQUIPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2006

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 25,064	\$ 25,064	\$ -
Interest	<u>66</u>	<u>66</u>	<u>-</u>
Total revenues	25,130	25,130	-
Expenditures:			
Public safety	<u>9,171</u>	<u>9,171</u>	<u>-</u>
Excess of revenues over expenditures	15,959	15,959	-
Other financing uses:			
Operating transfers out	<u>(24,000)</u>	<u>(24,000)</u>	<u>-</u>
Excess of revenues under expenditures and other financing uses	(8,041)	(8,041)	-
Fund balance, beginning of year	<u>10,150</u>	<u>10,150</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,109</u></u>	<u><u>\$ 2,109</u></u>	<u><u>\$ -</u></u>